

1                                   **CHAPTER 803. SKILLS DEVELOPMENT FUND**

2 **SUBCHAPTER A. GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND**

3       **§803.1. Scope and Purpose.**

4       (a) Purpose. The purpose of the Skills Development Fund is to ~~enhance the ability of~~  
5       public community and technical colleges, Local Workforce Development Boards  
6       (Boards), and the Texas A&M Engineering Extension Service (TEEX) to respond to  
7       industry and workforce training needs and to develop incentives for Boards, public  
8       community and technical colleges, TEEX, or community-based organizations ~~to~~  
9       provide customized assessment and training in a timely and efficient manner.

**Deleted:** develop customized training projects for businesses and trade unions and to support employers expanding or relocating to Texas by enhancing

**Deleted:** only in partnership with the public community and technical colleges or TEEX

10 ~~**§803.2. Definitions.**~~

11       In addition to the definitions contained in §800.2 of this title, the following words and  
12       terms, when used in this chapter, shall have the following meanings unless the context  
13       clearly indicates otherwise.

**Deleted: (b) Goal. The goal of the Skills Development Fund is to increase the skills level and wages of the Texas workforce.**

14       (1) Customized training project--A project that:

15               (A) provides workforce training, with the intent of either adding to the  
16               workforce or preventing a reduction in the workforce, and is specifically  
17               designed to meet the needs and special requirements of:

18                       (i) employers and employees or prospective employees of the private  
19                       business or business consortium; or

20                       (ii) members of the trade union; and

21               (B) is designed by a private business or business consortium, or trade union in  
22               partnership with:

23                       (i) a public community college;

24                       (ii) a technical college;

25                       (iii) TEEX;

26                       (iv) a Board; or

27                       (v) ~~a community-based organization only in partnership with the public~~  
28                       community and technical colleges or TEEX.

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29       (2) Grant recipient--A recipient of a Skills Development Fund grant that is:

30               (A) a public community college;

31               (B) a technical college;

- 1 (C) TEEX;
- 2 ~~(D) a Board;~~ or
- 3 ~~(E) a community-based organization only in partnership with the public~~
- 4 ~~community and technical colleges or TEEX.~~
- 5 (3) Non-local public community and technical college--A public community, or
- 6 technical college providing training outside of its local taxing district.
- 7 (4) Private partner--~~An individual,~~ sole proprietorship, partnership, corporation,
- 8 association, consortium, or private organization that enters into a partnership
- 9 for a customized training project with:
- 10 (A) a public community college;
- 11 (B) a technical college;
- 12 (C) TEEX; or
- 13 (D) a community-based organization only in partnership with the public
- 14 community and technical colleges or TEEX.
- 15 (5) Public community college--A state-funded, two-year educational institution
- 16 primarily serving its local taxing district and service area in Texas and offering
- 17 vocational, technical, and academic courses for certification or associate's
- 18 degrees.
- 19 (6) Public technical college--A state-funded coeducational institution of higher
- 20 education offering courses of study in vocational and technical education, for
- 21 certification or associate's degrees.
- 22 (7) Texas ~~A&M~~ Engineering Extension Service (TEEX)--A higher education
- 23 agency and service established by the Board of Regents of the Texas A&M
- 24 University System.
- 25 (8) Trade union--An organization, agency, or employee committee in which
- 26 employees participate and which exists for the purpose of dealing with
- 27 employers concerning grievances, labor disputes, wages, rates of pay, hours of
- 28 employment, or conditions of work.
- 29 (9) Training provider--An entity or individual that provides training, including:
- 30 (A) a public community college;
- 31 (B) a technical college;
- 32 (C) TEEX;

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1 (D) a community-based organization only in partnership with the public  
2 community or technical college or TEEEX; or

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3 (E) An individual, sole proprietorship, partnership, corporation, association,  
4 consortium, governmental subdivision, or public or private organization  
5 with whom a Board, public community or technical college, or TEEEX  
6 has subcontracted to provide training.

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### 7 §803.3. Uses of the Fund.

8 (a) The Skills Development Fund may be used by a grant recipient as start-up or  
9 emergency funds for the following purposes:

- 10 (1) to develop customized training projects for businesses and trade unions; and  
11 (2) to sponsor small and medium-sized business networks and consortiums for the  
12 purpose of developing customized training.

13 (b) During declared state public heath emergencies, the Skills Development Fund may be  
14 used by public or private employers in partnership with a Board, public community or  
15 technical college, or TEEEX to provide training in healthcare professions.

16 (c) TEEEX training activities shall focus on projects that are statewide or are not available  
17 from a local public community and junior college district, a local technical college, or  
18 a consortium of public community and junior college districts. In developing such  
19 projects, TEEEX may participate in a consortium of public community and junior  
20 college districts or with a technical college that provides training under Texas Labor  
21 Code, Chapter 303.

22 (d) Technical college training activities shall focus on projects that are not available from  
23 a local public community college, except in the technical college's local service area,  
24 and shall be encouraged to focus on projects that are statewide.

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25 (e) The Skills Development Fund may not be used:

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- 26 (1) to pay the training costs and related costs of an employer that relocates the  
27 employer's worksite from one place in Texas to another;  
28 (2) for the purchase of any proprietary or production equipment required for the  
29 training project of a single local employer;  
30 (3) for wages for trainees; or  
31 (4) to pay for trainee or instructor travel costs or trainee drug tests.

32 (f) The Skills Development Fund may not be used to pay for the lease of equipment if  
33 any one of the following four criteria is characteristic of the lease transaction:

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- (1) The lease transfers ownership of the equipment to the lessee at the end of the lease term;
- (2) The lease contains a bargain purchase option;
- (3) The lease term is equal to 75% or more of the estimated economic life of the leased equipment; or
- (4) The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90% of the fair value of the leased equipment.

**§803.4. Use of Funds to Encourage Employer Expansion and Recruitment.**

(a) Pursuant to Texas Labor Code §303.0031, the Skills Development Fund may be used to provide an intensive and rapid response to, and support services for, employers expanding in or relocating their operations to Texas, with a focus on recruiting employers that will provide complex or high-skilled employment opportunities in the state.

(b) Grant funds under this section may be used to:

- (1) provide leadership and direction to, and connections among, out-of-state employers, economic development organizations, Boards, public community and technical colleges to support employers' recruitment and hiring for complex or high-skilled employment positions as necessary to facilitate the employers' relocation to or expansion of operations in Texas; and
- (2) award grants to public community or technical colleges that provide workforce training and related support services to employers that commit to establishing a place of business in Texas.

(c) Grant funds under this section may be used only to develop:

- (1) customized workforce training programs for an employer's specific business needs;
- (2) fast-track curriculum;
- (3) workforce training--related support services for employers; and
- (4) instructor certification necessary to provide workforce training.

1 (d) Notwithstanding the use of funds restrictions in §803.3(d)(2), grant funds may also  
2 be used to acquire training equipment necessary for instructor certification and  
3 employment.

4 (e) As a condition of receiving grant funds under this section, grant recipients shall  
5 agree to repay the amount received and any related interest if the Agency  
6 determines that the grant recipients did not use the funds for the purposes for which  
7 the funds were awarded.

8 **SUBCHAPTER B. PROGRAM ADMINISTRATION**

9 **§803.11. Grant Administration.**

10 Grant recipients must enter into an agreement with the Agency to comply with contract  
11 requirements that include, but are not limited to:

- 12 (1) submitting all required reports, including financial and performance reports, in  
13 the format and time frame required by the Agency;
- 14 (2) maintaining fiscal data needed for independent verification of expenditures of  
15 funds received for the customized training project;
- 16 (3) cooperating and complying with Agency monitoring activities as required by  
17 Chapter 802, Subchapter D, of this title (relating to Agency Monitoring  
18 Activities); and
- 19 (4) submitting contract completion reports:
- 20 (A) The final payment is contingent upon the executive director's, or  
21 designee's, determination that a project has met the training objectives,  
22 outcomes, and requirements (an attrition rate of up to 15% of the total  
23 number of trainees in the contract is allowed).

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(B) The final payment of the contract will be withheld for 60 days after the completion of training and after receipt by the Agency of verification from the employer that the trainees are employed.

#### §803.12. Limitations on Awards.

(a) The Agency may impose any or all of the following limitations on the amount of funds awarded under any specific grant:

- (1) A limit of \$500,000 for the training project of a single employer;
- (2) A limit of 10% of the grant amount for the allowable purchase of any proprietary or production equipment required for the training project;
- (3) A limit of 10% for administrative costs related to direct training for the training project of a single employer; or
- (4) A limit of 15% for administrative costs related to direct training for the training project of entities other than a single employer.

(b) The training proposal shall not duplicate another training project available in the workforce area in which the private partner or trade union is located.

(c) Skills Development Fund applicants on corrective action pursuant to Chapter 802, Subchapter G, shall not be eligible to receive a Skills Development Fund grant.

#### §803.13. Program Guidelines and Objectives.

Every two years, the Commission shall approve program guidelines and objectives used to guide program operations for the designated biennium.

#### §803.14. Procedure for Requesting Funding and Proposal Evaluation

(a) A private partner or a trade union, together with a Board, public community or technical college, or TEEEX, shall present to the executive director, or designee, a proposal requesting funding for a customized training project or other appropriate use of the fund in accordance with the program guidelines established pursuant to 803.13

(b) The Agency shall notify all eligible grant applicants when the Agency is evaluating a proposal so as to promote collaboration and awareness of potential workforce activities in the workforce area.

(c) The executive director, or designee, shall evaluate each proposal considering the purposes listed in §803.3(a) of this subchapter, the program objectives developed and pursuant to §803.13 of this subchapter, and procedures in §803.14 of this subchapter, along with any guidelines established pursuant to 803.13.

**Deleted:** The following are the program objectives in administering the Skills Development Fund are:  
(1) to ensure that funds from the program are spent in all local workforce development areas (workforce areas) of this state and expand the state's capacity to respond to workforce training needs;  
(2) to promote collaboration and awareness of potential workforce activities in workforce areas through collaboration with the Boards;  
(3) to develop projects that, at completion of the training, will result in wages equal to or greater than the prevailing wage of individuals with similar knowledge and experience in that occupation in the local labor market for the participants in the customized training project;  
(4) to prioritize the processing of grant requests from workforce areas where the unemployment rate is higher than the state's annual average unemployment rate; and  
(5) to sponsor creation and attraction of high-value, high-skill jobs for the state that will facilitate the growth of industry and emerging occupations; and  
(6) to the greatest extent practicable, the Agency will award Skills Development Fund grants as follows:  
(A) Approximately 60 percent of the funds may be for job retention training; and  
(B) The remaining funds may be for training for job creation.

**Deleted:** After obtaining the review and comments of the Board in the applicable workforce area(s), where there is a significant impact on job creation or incumbent worker training, a

**Deleted:** along with the prevailing wage for occupations in the local labor market area, the financial stability of the private partner, the regional economic impact, and any other factors unique to the circumstances that the Agency determines are appropriate. ...

(d) If the Agency determines that a proposal is appropriate for funding through the Skills Development Fund, the executive director or designee shall enter into a contract with the grant recipient on behalf of the Agency.

(e) TEEX, or the public community or technical college that is a partner to a training proposal for a grant from the Skills Development Fund, may be non-local.

(c)

(f) Proposals shall disclose other grant funds sought or awarded from the Agency or other state and federal entities for the proposed job training project.

(f)

§803.15. Concurrent Applications.

(a) Applicants submitting concurrent SDF and Texas Enterprise Funds are required to indicate that the applications are concurrent.

SUBCHAPTER C. PROGRAM ADMINISTRATION AFTER AWARD OF CONTRACT

§803.31. Notice to Local Workforce Development Board.

The Agency shall announce final decisions made regarding Skills Development Fund grants.

§803.32. Waivers.

The executive director, or designee, may suspend or waive a section of this chapter, not statutorily imposed, in whole or in part upon a showing of good cause and a finding that the public interest would be served by such a suspension or waiver.

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Deleted: The training proposal shall not duplicate a another training project available in the workforce area in which the private partner or trade union is located.

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Deleted: (e) Applicants shall indicate whether they are submitting concurrent proposals for the Skills Development Fund and the Texas Enterprise Fund. For the purposes of this subsection, "concurrent proposal" shall mean:¶

- (1) a proposal for the Skills Development Fund that has been submitted and is pending at the time an applicant submits a proposal for the Texas Enterprise Fund; or¶
- (2) a proposal for the Texas Enterprise Fund that has been submitted and is pending at the time an applicant submits a proposal for the Skills Development Fund.¶

Deleted: Proposals shall be written and contain the following information:¶

- (1) The number of proposed jobs created and/or retained;¶
- (2) A brief outline of the proposed training project, including the skills acquired through training and the employer's involvement in the planning and design;¶
- (3) A brief description of the measurable training objectives and outcomes;¶
- (4) The occupation and wages for participants who complete the customized training project;¶
- (5) A budget summary, disclosing anticipated project costs and resource contributions, including the dollar amount the private partner is willing to commit to the project;¶
- (6) A signed agreement between the private partner or trade union and the Board, public community or technical college, or TEEX outlining each entity's roles and responsibilities if a grant is awarded;¶
- (7) A statement explaining the basis for the determination that there is an actual or projected labor shortage in the occupation in which the proposed training project will be provided that is not being met by an existing institution or program in the workforce area;¶
- (8) A comparison of costs per trainee for the customized training project and costs for similar instruction at the public community or technical college, or TEEX, and the Board;¶
- (9) A statement describing the private partner's or trade union's equal opportunity employment policy;¶
- (10) A list of the proposed employment benefits;¶
- (11) An indication of a concurrent proposal as required by subsection (e) of this section; and¶
- (12) Any additional information deemed necessary by the Agency to complete evaluation of a proposal.

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Deleted: §803. 15. Procedure for Proposal Evaluation.¶

(a) The executive director, or designee, shall evaluate each proposal considering the purposes listed in §803.3(a) of this subchapter, the program objectives listed in developed and pursuant to §803.13 of this subchapter, and procedures in §803.14 of this subchapter, along with the prevailing wage for occupations in the local labor market area, the financial stability of the private partner, the regional economic impact, and any other factors unique to the circumstances that the Agency determines are appropriate.¶

(b) The Agency shall notify all eligible grant applicants the Board in the applicable workforce area when the Agency is evalua ... [1]

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